COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF KENTUCKY) CASE NO. 8058
POWER COMPANY PURSUANT TO 807 KAR)
5:056E, SECTIONS 1(11) AND (12)

ORDER

On April 2, 1981, Kentucky Power Company (Company) filed its Application for Rehearing in the above case. The Company seeks a rehearing on the issue of under-recovery of fuel costs resulting from the November 1978 roll-in of fuel costs to base rates.

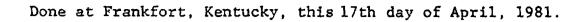
The Application alleges an under-recovery of \$735,166, the same allegation contained in the testimony and exhibits of Company witnesses Via and D'Onofrio. The Application also reasserts that the roll-in of fuel costs in 1978 resulted in the under-recovery. In its Order entered March 13, 1981, the Commission addressed this issue in detail. There was and is no question as to how the \$735,166 was calculated. The Commission in its Order, however, found that the assumption upon which the calculation is based is invalid. The Commission further found that the error in the Company's calculation would, if corrected, reduce significantly or eliminate the Company's claimed under-recovery of fuel costs.

The Commission having considered the Application for Rehearing, reviewed the record and its Order entered March 13, 1981, and being advised, is of the opinion and finds that:

- 1. The Company incurred an under-recovery of fuel costs of approximately \$273,842 as a result of the November 1978 roll-in of fuel costs to base rates as demonstrated by calculations set forth in Appendix "A" attached hereto and made a part hereof; however, the exact volume of October 1978 kilowatt hour sales billed in November 1978 (Item 3a of Appendix "A") is not known, and the Company shall file this information (by billing cycles) with the Commission.
- 2. In the event the Company accepts the calculations set forth in Appendix "A" it shall file with the Commission a proposed surcharge to recover unrecovered fuel costs in the amount of \$273,842, or the amount specified by the Commission after receipt of the information set forth in finding No. 1.
- 3. In the event the Company does not accept the calculations set forth in Appendix "A", or the amount specified by the Commission after receipt of the information set forth in finding No. 1, the Application for Rehearing shall be granted to consider the issue of the exact amount of under-recovery of fuel costs.

IT IS THEREFORE ORDERED That Kentucky Power Company shall file with the Commission by April 27, 1981, the October 1978 kilowatt hour sales billed in November 1978 (by billing cycles).

IT IS FURTHER ORDERED That the Application for Rehearing be and it hereby is granted and this case be and it hereby is set for hearing on May 13, 1981, at 1:30 p.m., Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky, said hearing to be cancelled in the event Kentucky Power Company submits to the Commission a proposed surcharge in accordance with finding No. 2.



PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner)

ATTEST:

Secretary



ANALYSIS OF (OVER) OR UNDER RECOVERY OF FUEL COST RESULTING FROM IMPLEMENTATION OF THE STANDARD FUEL CLAUSE IN NOVEMBER, 1978

Total Recovery of September & October Fuel Cost (Sum of 2e & 3h)	h. Total Recovery of October Fuel Cost (Sum of L3a, L3b, & L3g)	f. October Fuel Cost Recovered in New Base Cost Billed in November (L3d less L3e) g. October Fuel Cost Recovered on October Sales Billed in November (Line 3c x Line 3f)	Recovery of October Fuel Cost: October Fuel Adj. Rate of .00305 on Old Base of .00879 a. Billed to Cycle Nos. 4 through 21 in November October Fuel Adj. Rate of .00015 on New Base of .01205 b. Billed to all cycles in December c. October sales billed in November (312,761,189 9/ x 50%) d. Base Cost Prior Fuel Clause .0087911/ e. Base Cost New Fuel Clause .01174	e. Total Recovery of September Fuel Cost (Sum of L2a thru 2d)	Recovery of September Fuel Cost: September Fuel Adj. Rate of .00283 on Old Base of .00879 a. Billed to Cycle Nos. 1 through 3 in November b. Billed to Cycle Nos. 4 through 21 in October c. Billed to Cycle Nos. 91 through 95 in October September Fuel Adj. Rate of .00062 on New Base of .01205 d. Billed to Cycle Nos. 91 through 94 and 0L in November	c. Total Recoverable Fuel Cost (Sum of La & Lb)	. Fuel Cost in Excess of Base Cost a. September - 78 b. October - 78
	•	.00295	.00879 .01205 \$70,036 <u>7</u> / 51,572 <u>8</u> /	thru 2d)	.00879 \$ 13,3523/ 310,7575/ 475,2605/ .01205 10,8046/		\$853,414 <u>1/</u> 913,532 <u>2</u> /
1,493,104	\$ 582,931			910,173		\$1,766,946	
			7/ Via Exhibit I, Col. (9) 8/ Via Exhibit I, Line (D), Col. (12) 9/ Via Exhibit I, Line (D), Col. (7) 10/ Via Exhibit I, Col. (2) 11/ Via Exhibit I, Col. (2)		3/ Via Exhibit I, Col. (9) 4/ Via Exhibit I, Col. (6) 5/ Via Exhibit I, Col. (6) 6/ Via Exhibit I, Col. (9)		1/ Via Exhibit I, Line (c) Column (3) 2/ Via Exhibit I, Line (c) Column (b)

Net Over (Under) Recovery (Llc less L4)

\$ (273,842)